

Key Theme – North Korea scrapped the talks with South Korea

This week Economic calendar

Highlight:

- 10y UST finally broke clear of 3% as it shot higher to a high of 3.09% before coming back off to 3.07%.
- US data printed retail sales at 0.3% as expected with previous month revised higher, while Empire manufacturing came in at a much stronger at 20.1 (exp 15).
- USD rallies across the board after yield break clear of 3% while gold dipped lower from \$1310 and \$1290. Equities ended lower with Dow off 0.78% while S&P was off 0.68%.
- North Korea scrapped the talks with South Korea and threatened that talks with Trump also in jeopardy after US and South Korea perform air drills.
- Key economic indicator this week: Thailand BOT Benchmark Interest rate, Japan GDP and Germany CPI on Today, US Initial Jobless Claims on Thu, and Thailand Foreign Reserves on Fri.

Our take:

- Range Expected: Intraday range 32.05-32.25**

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	Japan	PPI YoY	Apr	2.00%	2.00%	2.10%
Tue	China	Industrial Production YoY	Apr	6.40%	7.00%	6.00%
Tue	Japan	Tertiary Industry Index MoM	Mar	-0.20%	-0.30%	0.00%
Tue	Germany	GDP SA QoQ	1Q P	0.40%	0.30%	0.60%
Tue	Germany	GDP NSA YoY	1Q P	1.70%	1.60%	2.30%
Tue	UK	Jobless Claims Change	Apr	--	31.2k	11.6k
Tue	UK	ILO Unemployment Rate 3Mths	Mar	4.20%	4.20%	4.20%
Tue	Eurozone	GDP SA QoQ	1Q P	0.40%	0.40%	0.40%
Tue	Eurozone	GDP SA YoY	1Q P	2.50%	2.50%	2.50%
Tue	Germany	ZEW Survey Current Situation	May	85.5	87.4	87.9
Tue	Germany	ZEW Survey Expectations	May	-8.2	-8.2	-8.2
Tue	United States	Retail Sales Advance MoM	Apr	0.30%	0.30%	0.60%
Wed	Japan	GDP SA QoQ	1Q P	0.00%	-0.20%	0.40%
Wed	Japan	GDP Annualized SA QoQ	1Q P	-0.10%	-0.60%	1.60%
Wed	Japan	GDP Deflator YoY	1Q P	0.30%	0.50%	0.10%
Wed	Japan	Industrial Production MoM	Mar F	--	--	1.20%
Wed	Germany	CPI MoM	Apr F	0.00%	--	0.00%
Wed	Germany	CPI YoY	Apr F	1.60%	--	1.60%
Wed	Thailand	BoT Benchmark Interest Rate	May-16	1.50%	--	1.50%
Wed	Eurozone	CPI YoY	Apr F	1.20%	--	1.30%
Wed	Eurozone	CPI MoM	Apr	0.30%	--	1.00%
Wed	United States	MBA Mortgage Applications	May-11	--	--	-0.40%
Wed	United States	Housing Starts	Apr	1310k	--	1319k
Wed	United States	Industrial Production MoM	Apr	0.60%	--	0.50%
Thu	Japan	Core Machine Orders MoM	Mar	-3.00%	--	2.10%
Thu	Australia	Employment Change	Apr	20.0k	--	4.9k
Thu	Australia	Unemployment Rate	Apr	5.50%	--	5.50%
Thu	United States	Initial Jobless Claims	May-12	215k	--	211k
Thu	United States	Leading Index	Apr	0.40%	--	0.30%
Fri	Japan	Natl CPI YoY	Apr	0.70%	--	1.10%
Fri	Thailand	Foreign Reserves	May-11	--	--	\$214.7b

Source: Thomson Reuters, Bloomberg, TBMA, and The Nation

Daily Market Review At-A-Glance: 16 May 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: USDTHB spiked higher follow US yield movement. Momentum was picking up after 32.05 resistance broken. Short term momentum will intact as long as spot trade above 32.00. Support 32.05/31.77 resistance at 32.23/32.40.

USDJPY: USDJPY finally broke its major resistance at 110 after UST yield rallies above 3%. Market conviction still axes USDJPY to go lower as reflected through Risk reversal via option space. Support at 110.00/109.3 resistance at 110.5/111.25.

EURUSD: EUR grinded lower to 2018 low at 1.182 with risk to downside picking up if trade below 1.18. Still bias to buy EUR on dips with support 1.18/1.172 resistance at 1.186/1.1945.

Bond:

USD : U.S government bond yield higher 4bps as better economic data allowed 10y UST to go upside traded above 3.00%.

Exchange Rate

	8-May-18	15-May-18	16-May-18
USD/THB	31.92	32.12	32.13
JPY/THB	29.25	29.11	29.12
EUR/THB	37.87	38.02	37.99
GBP/THB	43.23	43.38	43.35
AUD/THB	23.80	24.00	23.95
USD/JPY	109.11	110.34	110.31
EUR/USD	1.186	1.184	1.182
GBP/USD	1.354	1.350	1.349
AUD/USD	0.745	0.747	0.745

Stock market

	14-May-18	15-May-18	%Change
SET Index	1,773.10	1,766.86	(0.35)
DJIA	24,899.41	24,706.41	(0.78)

Repurchase rate

	1-day	7-day	14-day	1-mth
	1.50%	1.50%	1.50%	1.50%

Commodities

	Previous Day	Last	%Change
WTI Crude oil	70.96	71.31	0.49
Gold	1,313.50	1,292.56	(1.59)

Government Bond Yields

Tenor	8-May-18	14-May-18	15-May-18
UST 3-mth	1.874	1.899	1.915
UST 6-mth	2.043	2.058	2.085
UST 1-yr	2.244	2.266	2.285
UST 5-yr	2.807	2.852	2.925
UST 10-yr	2.968	2.995	3.080
TGB 6-mth	1.40	1.44	1.45
TGB 2-yr	1.60	1.61	1.63
TGB 5-yr	2.00	2.00	2.03
TGB 10-yr	2.67	2.71	2.73

THBFX (%)

	1-mth	3-mth	6-mth	1-yr
	0.964	1.165	1.313	1.488

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.430	1.460
2-yr	1.660	1.690
3-yr	1.880	1.910
5-yr	2.215	2.245
10-yr	2.65	2.7

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